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SPY, EUROPE UNDER THE TERROR, etc.

PATTERN  
FOR  
AMERICAN  
FASCISM

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# PATTERN FOR AMERICAN FASCISM

by JOHN L. SPIVAK



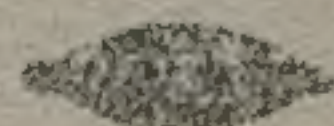
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*“Fascism all over Europe . . . is subsidized by imperialistic and capitalistic reaction, which has been thoroughly frightened by democratic Socialism. . . . It is effectively controlled by the banking interests and the big industrialists to whom it grants special favors and control over the state’s finances.”*

—WILLIAM YARNELL ELLIOTT  
Professor of Government,  
Harvard University.







## 1. STRANGE SIMILARITIES

WITHIN TWO MONTHS AFTER the Nazis surrendered, a series of events occurred in this country similar to those which happened in Germany before Hitler established a fascist dictatorship. The timing of these seemingly independent occurrences points to a carefully conceived and executed plot, of which the visible first step is the weakening and control of American trade unions.

The strategy and tactics pursued are those used by Hitler and Goebbels; and the financing and directing moves are made by powerful industrial interests, some of which were affiliated with Nazi industrial interests which originally helped Hitler to power.

The similarities between what Hitler did in Germany to achieve complete domination and what has been done here since the end of the war are many. For the purpose of this pamphlet I shall consider only a few in the current anti-union drive against 15,000,000 organized workers who, with their families, comprise more than one-third of the entire population of the United States.

1. In the three years preceding Hitler's advent to power Germany was faced with the problem of a growing army of unemployed which German industrialists and business men were unable to solve. In the United States, our own industrialists and business men are frankly expressing the fear that the huge unemployment problem



during the depression years, which was not solved until we began to manufacture for defense and war, will be with us again in the widely expected postwar depression.

2. German industrialists could not control the German trade unions which were among the largest in Europe, and leading industrialists gave Hitler financial support with the agreement that upon establishing fascism he would control the unions. American industrialists, also unable to dominate our trade unions, financially backed an intensive campaign in 1946 to elect a Congress which promptly passed the Taft-Hartley bill to weaken and control American unions.

3. Unable to break the trade unions because of Germany's then democratic government, leading industrialists favored establishing a fascist dictatorship. In the United States, H. W. Prentiss, president of the Armstrong Cork Co., and an influential member of the Chamber of Commerce of the United States, informed a three-state regional meeting of the Chamber, as far back as 1938, that it might be necessary to establish a secret fascist dictatorship here.

4. One of the ways by which Hitler got the German people to give him dictatorial powers was to promise that he would find work for all unemployed. In the United States, Emerson P. Schmidt, director of Economic Research for the Chamber of Commerce, is spreading propaganda that under a dictatorship unemployment problems are solved.

5. As soon as Hitler achieved power, a subservient Reichstag passed laws giving him control over the trade unions. In the United States, as soon as the anti-union 80th Congress, elected with the financial and propaganda aid of leading industrialists, convened, bills were introduced to weaken and shackle union labor.



6. One of Hitler's first acts on assuming power was to get control of the radio to prevent pro-democratic news broadcasters from warning the people of what the Nazis were doing. In the United States, before the intensive anti-union campaign was launched, liberal radio commentators were forced off the air.

7. One of Hitler's earliest appeals for public support was to veterans of World War I, many of whom were also trade union members, on the plea that he wanted to save Germany from the "menace of Bolshevism." The veterans and trade unionists were not told that industrialists were secretly backing the Fuehrer. In the United States, immediately after the war ended, American Action was organized as a political movement to appeal to veterans of both world wars "regardless of party" to back its choice of candidates to save the country from "alien-minded radicals"—meaning Communists. Veterans and trade unionists did not know that Capt. Edward A. Hayes, past National Commander of the American Legion, who headed American Action, was not making public the names of the anti-union industrialists financing this movement.

8. Meetings between Hitler and key German industrialists backing him were kept secret. In the United States, before Capt. Hayes took over direction of American Action, he held meetings with "top-flight" anti-union politicians of both major parties to get their support. Veterans and trade unionists to whom American Action appealed for patriotic support were not told of these meetings.

9. Hitler stated frankly that one of his best propaganda tactics was use of "the big lie." By repeating it often enough he could get the people to believe it. In the United States a mysterious individual calling himself



"Andrew Avery," who takes extraordinary precautions to conceal his identity and financial backers, launched the anti-union drive by raising the "Reds control unions" issue in time for the '46 Congressional campaign. This was followed quickly by a similar propaganda campaign directed by key industrialists running the Chamber of Commerce of the United States. Basically, the propaganda stated that Communists sought control of unions not to get increased wages for members but to create dissension and turmoil as part of a plot to turn the United States (and practically the rest of the world) over to Russia.

10. As a basic appeal to get support from all classes of Germans, Hitler used the slogan that he wanted to save them "from Communism." In the United States, propagandists employed by the Chamber of Commerce used the same cry in the '46 Congressional elections to get an anti-Union Congress elected which would pass the anti-union bills.

11. Hitler got support from some members of the Catholic hierarchy on the anti-Communist issue. After seizing power he persecuted Catholics as well as other minorities. In the United States, the anti-union Chamber of Commerce of the United States recommends Father John F. Cronin, of the National Catholic Welfare Conference, as a source for securing secret agents to investigate trade unions which are alleged to be "Red."

These few similarities alone are sufficient to arouse grave apprehensions as to the ultimate objectives of those powerful industrialists financing the move to shackle the trade unions and, under a Hitler-like smoke screen of "save America from the Communists," to destroy the gains made by labor in the past decades.



## 2. BEHIND THE DRIVE

FOR THE READER to get a picture of the immediate causes behind this drive it is necessary to consider briefly the post-war labor problem confronting American business and industry: that of a widely anticipated recession or depression with its inevitable increase in the number of jobless.

Hitler came to power in Germany in the depths of a world economic crisis. The number of unemployed in Germany was tremendous in proportion to its population. The problem of what to do with these unemployed millions was not solved until Hitler put them to work producing for war.

In that period the United States, too, had a huge unemployed army. Our economic life was badly dislocated. Leading industrialists, who opposed any interference with "free enterprise" which led them to the greatest depression the world had ever seen, had no solution acceptable to the American people. The political leaders then in office could offer a jobless and bewildered people only the vague assurance that "prosperity was just around the corner." The reader may remember that every time Herbert Hoover, Republican President of the United States, issued another forecast about where he saw prosperity, the stock market took another crash, more businesses closed their doors and more people were thrown out of work. It got so the whole country had the jitters every time Hoover saw prosperity.

When a thoroughly alarmed people turned Hoover out of office and installed Franklin D. Roosevelt, the new President took prompt measures to save the country from the abyss into which the industrialists, functioning politically through the Republican Party, had led it. But, despite



Roosevelt's emergency measures, including vast public works projects, we too did not substantially solve our huge unemployment problem until we began to manufacture arms and munitions as the "arsenal of democracy."

Our millions of jobless found work not because of a proper adjustment of our economy, but from temporary war production. Once this production ceased, as it has now ceased, and production of civilian goods not manufactured during the war began to drop because of falling purchasing power, we should be back to where we were: millions of jobless walking the streets hunting for work to keep alive.

This looming unemployment problem is basically what American industrialists faced.

In a period of great unemployment when the purchasing power of a people has been reduced, a high level of profits can be maintained only by reducing wages, increasing working hours, and generally lowering the people's living standards.

Under Roosevelt, labor had made tremendous strides. Laws were passed which helped build trade unions, and, by the power of their unity, organized workers achieved a relatively high standard of living. So long as these workers remained strongly organized the industrialists, like those of Germany, were helpless to take such steps as they wished. The prime essential for the industrialists in anticipation of a growing army of jobless, was to weaken the unions and place them under a control the industrialists could not wield directly. Such control can be wielded by Congress.

Hitler utilized the policy of "divide and conquer" to achieve domination over all phases of German life. Once the people were split into opposing camps, snarling at one another on racial, religious, and economic matters, they



were weakened and then easily controlled or dominated. The two issues he used most were the "menace of Communism" and "the Jews." Anti-Semitic propaganda is now widely recognized as a Nazi tactic. The same is not yet true about hysterical cries to "save the country from the Reds." Those in Germany who questioned whether the Jews and the Communists were really responsible for every ill that beset the whole world, including inability to find work, were denounced as unpatriotic, Bolshevik secret agents, or Jewish plotters and silenced in concentration camps.

In this country it would not be wise at this time for the industrialists to finance an anti-Semitic campaign, but the second Hitler tactic of "save the country from the Reds" is now in full swing. Details of this "Red menace" drive are handled by propagandists employed by leading American industrialists working primarily through the Chamber of Commerce of the United States with headquarters in Washington, D. C.

### 3. THE CHAMBER OF COMMERCE OF THE U. S.

TWO ORGANIZATIONS powerful in propaganda and lobbying direct the drive to create a "Red menace" smoke screen behind which the trade unions can be weakened and shackled. They are the National Association of Manufacturers and the Chamber of Commerce of the United States.

The Chamber is the shock troop division in the campaign. It can use almost 3,000 affiliated local chambers of commerce scattered throughout the country and whose membership is often the dominant influence in their com-



munities. The average business man, however, who is a member of his local chamber, has practically no say in determining the major policies followed by the National Chamber.

The National Association of Manufacturers is composed of over 3,000 corporations, chiefly engaged in manufacturing or utility services, located in every section of the country. Its members employ one out of every four persons working in the United States.

Before 1933 the National Association was run by comparatively small business men. After 1933, when Roosevelt took office and pro-labor measures were inaugurated, the N.A.M. was reorganized, and ruling major industrialists in the country took over its direction.

In 1912 the comparatively weak N.A.M. founded the Chamber of Commerce of the U.S. as a central body to be located in Washington, D. C., to inform the Congress what American business wanted.

The average local Chamber of Commerce member has little to do with directing the activities of the national Chamber. Officers of huge corporations manage to get on and stay on the two committees which actually run the national Chamber: the Executive and the Committee on Finance, Budget, and Audit. The Executive Committee is composed of the President of the national Chamber and eleven directors. Though the appointments are for one year terms, the same individuals, with but an occasional change, are found year in and year out on this key controlling committee. The Committee on Finance supervises the Chamber's financial affairs by allocating the sums to be spent on propaganda and lobbying.

The men in the most strategic positions in the national Chamber are also key men in the National Association of



Manufacturers. The men themselves are of secondary importance. They simply put into effect policies of the powerful industrial concerns they represent. Space prohibits going into the details of the tie-ups of some of these companies with the Nazi industrialists who backed and supported Hitler in his plan to establish fascism in Germany, and I shall give only two or three illustrations:

Earl O. Shreve, of New York, vice president of General Electric Co., is currently president of the national Chamber. Shreve, also a key man in the N.A.M., was on the Executive Committee of the Chamber before he became its president. His firm had tie-ups with Nazi industrialists and continued these tie-ups even after Hitler launched the Second World War in 1939, and we were manufacturing desperately to prepare for our own defense. The tie-ups with the Nazi industrialists who helped Hitler to power did not end until 1941 when we declared war.

Clark H. Minor, chairman of the Executive Committee of International General Electric Co., a subsidiary of General Electric, is on the Executive Committee of the Chamber. This firm, like its parent organization, had tie-ups with Nazi industrialists.

Marion B. Folsom of Rochester, N. Y., treasurer of Eastman Kodak Co., is on the Executive Committee of the Chamber and is also a key man in the N.A.M. Eastman Kodak was tied up with Nazi industrialists.

That huge firms, doing an international business, had tie-ups with foreign industrialists is normal and not particularly significant. But it is significant that American industrialists made agreements with Nazi industrialists who backed Hitler and that these agreements curbed our own defense production. American firms which made



such agreements with the Nazis are among those backing the same kind of propaganda to destroy American trade unions that the Nazis used to destroy German trade unions. Not until the German trade unions had been weakened to the point of impotence did Nazism dare to take the high road to concentration camps, and later, to extermination camps.

Many little white crosses mark the graves of American boys, buried in foreign lands because we did not have the material to give our soldiers. How many died because of such agreements by American firms, whose officers are in key positions in the Chamber and the N.A.M., will probably never be known. The evidence brought out by a United States Senate Committee hearing on some of the agreements was so startling that at one time Harry S. Truman, the present Chief Executive, who was then leading a Senate investigation, exclaimed, "This is treason!"

Nazi industrialists with whom some of our leading American firms had tie-ups are among those indicted by the United States as war criminals. The crimes charged against these Nazi industrialists are as horrifying as those committed by the Gestapo, and extended to the running of their own industrial slave labor camps in which an average of 100 men, women, and children died each day literally from being worked to death. Those who did not drop dead on the job but who became so exhausted that they could no longer work were sent off to be slaughtered in extermination camps. These are not my charges. These are charges made by the United States Government in its indictments of twenty-four leading German industrialists connected with I. G. Farben. These are the sort of men our own industrialists dealt with; and the American firms which made agreements with such Nazis are among those today



directing the Chamber of Commerce drive to destroy the American trade unions.

The anti-union record of key firms in the Chamber also is long. I shall offer only a couple to illustrate their attitude toward union labor:

Roy C. Ingersoll, president, Ingersoll Div., Borg-Warner, is in a key position in the Chamber and the N.A.M. This firm employed labor spies on a large scale to keep its employees from organizing, until the employment of labor spies was made illegal during the Roosevelt Administrations.

W. Gibson Carey, president of Yale & Towne Manufacturing Co., also is in a key position in the Chamber and the N.A.M. This firm, too, employed labor spies on a large scale to keep its employees from organizing. Its attempt to break a strike of its workers produced city-wide protest stoppages by both A. F. of L. and C.I.O. unions.

The United States, in its indictment of the heads of I. G. Farben, charged officially that this huge German firm had made an agreement with Hitler in 1932, one year before he assumed power. German industrialists, faced with a chaotic economy and unemployment resulting from their "free enterprise," wanted fascism. As William Yandell Elliott, professor of Government, Harvard University, stated: "Fascism is effectively controlled by the banking interests and the big industrialists to whom it grants special favors and control over the state's finances."

Fascism also controls the trade unions. Strikes are prohibited. Since fascism is controlled by the industrialists and fascism controls the trade unions, the industrialists control the unions. A union, instead of being a medium through which organized workers can make and enforce demands for wages to enable them to live on a decent



standard, becomes a company union run by political agents of the industrialists. That is why German industrialists financially backed Hitler.

On November 29, 1938, when Nazi propagandists were very active here, some 200 American industrialists gathered in Philadelphia for a Chamber of Commerce regional meeting. The region included Pennsylvania, New Jersey and Delaware.

Business was improving at the time. The country was emerging from the disastrous depression which had hit us nine years earlier. Mass unemployment was fast becoming a memory. Workers, due to legislation friendly to labor, were organizing rapidly. Unions were growing in strength and successfully demanding wage increases to meet rising living costs. This was the trade union picture when the Chamber's regional session opened.

At this meeting H. W. Prentiss, president of the Armstrong Cork Co. of Lancaster, Pa., frankly told the gathering that American business men might eventually be forced to turn to "some form of disguised dictatorship to bring order out of chaos."

Since there was no chaos in the United States at that time, unless workers joining unions and the Congress passing pro-labor legislation can be considered chaos, this expresses the attitude of more than one industrialist who saw in a "disguised form of dictatorship" the only way to solve the trade union problem.

The rising opposition to fascism by Americans, however, made it necessary to consider bringing it on in a "disguised" form lest the people suspect what the industrialists were trying to do and show their displeasure in no unmistakable way.

The swift outbreak of war in Europe and our own hatred



of Nazism caused the further voicing of such ideas to be considered unwise. But, with the end of hostilities, when the unstable war economy began to revert with creaks and groans to peacetime requirements, "free enterprise" expected another army of jobless. It was essential that trade unions be shorn of their strength if wage scales were to be reduced. The first step was to get support from the millions of war veterans of both world wars, many of whom were trade union members. Since no trade union member is likely to support a move to cut his wages, his approval had to be won by deception.

Hitler realized that before he could establish a fascist dictatorship he needed popular support from two bodies of organized men: the veterans and the trade unionists. Since many veterans were also trade unionists, support from veterans meant support from an important segment of the trade union movement. Hitler, ably assisted by Goebbels, launched an intensive propaganda campaign to "save the country from Communism." He did not inform the veterans or the trade union members of the financial backing he got from the industrialists.

#### 4. AMERICAN ACTION APPEARS

WHAT HE DID WITH THIS support, after raising the "Red menace" issue, is now history. In the United States, a political organization, also financed by industrialists whose names are kept secret, suddenly appeared shortly after the war ended, and raised the cry of "save the country from alien-minded radicals"—Communists, to be more specific.

Two months after Germany surrendered, Upton Close, a reactionary radio commentator who was sponsored on the



air by James S. Kemper, treasurer of the Republican Party, and Merwin K. Hart, an apologist for Generalissimo Franco of Spain, and his fascist government, formed an organization called American Action.

It made its bow to the public as a patriotic body dedicated to oppose "alien-minded radicals." It was to be the spearhead in raising a "menace of Communism" issue in the 1946 Congressional campaign.

Its ostensible purpose was to defeat C.I.O.-P.A.C. approved candidates; and it described itself as a "militant movement, local and national in scope, carefully planned by Democrats, Republicans and Independents." The very first plank in its platform gave its objective as:

"To organize the great majorities of the Right more effectively than alien-minded radicals have organized the vociferous minorities of the Left."

P.A.C., which had carried on an effective campaign for Roosevelt in '44, had proved that when trade union members are informed which candidates are friends of the people and which favor the big money boys, they will vote for those who will represent the people. About the only way to counteract this growing trade union political activity was to split the union ranks via "the big lie" technique—the assertion that P.A.C. was "alien-minded"—to produce the desired impression that it was Communist controlled. When added to that, a wave of propaganda was spread that Communists are "agents of a foreign government" the effect was the one planned: many union members who wanted to go along with P.A.C. would wonder if they were being imposed upon by "agents of a foreign government." It was the old "divide and conquer" business.



American Action, which went to the public for support to "save the country from the Reds," started off with a lot of secrecy, first by concealing the notorious names of its original organizers. The original National Council of American Action did not mention Merwin K. Hart or Upton Close. Though these claim that the bright idea was theirs, they thought it advisable to keep their names out of it lest their obviously anti-union background arouse suspicions that they had undisclosed objectives in their yen to save the country.

Six persons were named to the National Council: an employee of a Los Angeles department store; a U.S. Army Air Force colonel; a North Carolina attorney; a southern State Commissioner of Agriculture; a small Idaho book and pamphlet publisher; and, as national treasurer, W. Homer Hartz, a Chicago industrialist who had been president of the Illinois Manufacturers Association. Hartz was not particularly known to veterans and trade union members as anti-union but he was known to anti-union industrialists.

(As soon as the anti-union Congress was elected, Hartz appeared, on Feb. 6, 1947, before the U.S. Senate Labor and Public Welfare Committee as the official spokesman for the Chamber of Commerce of the U.S. A number of the anti-union "reforms" he urged are now part of the Taft-Hartley bill which took away gains labor made after years of struggle.)

Other and better known names were subsequently added, men like General Leonard Wood, head of Sears, Roebuck, and Robert Harriss, Wall Street broker, friend and co-worker of Father Charles E. Coughlin, the Detroit radio priest who spread pro-Nazi propaganda issued by Goebbels in Berlin. General Wood's name could be



*WJC*  
THE CAXTON PRINTERS, LTD.  
CALDWELL, IDAHO

March 26, 1947

OFFICE OF THE PRESIDENT

[REDACTED]  
Philadelphia 21, Penna.

[REDACTED]

I have never attended a meeting of American Action. I allowed my name to be used as a member of the Executive Board, because I was and am in sympathy with the expressed objectives of American Action, but I resigned recently as a member of the board, because I felt that I could not give the time and attention to the organization which it deserved.

Yours truly,

*J. H. Gipsen*  
J. H. Gipsen

JHG:cy

American Action, which conceals the industrialists who financed its propaganda and political campaign to elect anti-union Congressmen, also uses "front" names for its Executive Committee.



counted on to attract the old America First crowd which was quite large before the war. Harriss' closeness to Father Coughlin was known to Coughlinites, who were numerous before the Detroit priest was silenced by his Archbishop. Harriss' name on the Executive Committee of American Action could be depended on to persuade Coughlinites that the organization should be supported. The foundation for a mass appeal to millions was being laid.

The National Council, and later the Executive Committee, were apparently chiefly "fronts"—names used to give the organization a respectable air. For men excited about the imminent threat to the country by the Reds, the Executive Committee members were indifferent about going to meetings to devise ways of "saving the country." I quote from a letter written by one of the original National Council and later, Executive Committee, boys: James H. Gipson, president of Caxton Printers of Caldwell, Idaho. Mr. Gipson publishes books and pamphlets. Apparently he himself did not swallow the propaganda American Action was feeding the people for he did not attend even a single meeting. Gipson wrote:

"I have never attended a meeting of American Action. I allowed my name to be used as a member of the Executive Board, because I was and am in sympathy with the expressed objectives of American Action, but I resigned recently as a member of the Board, because I felt that I could not give the time and attention to the organization which it deserved."

American Action, functioning as a political movement,



collected money to carry on campaigns in various (and only partially listed) Congressional districts, but it kept the names of the anti-union industrialists who helped finance its activities—men like Ernest T. Weir, chairman of the board of Weirton Steel Co. and Lammot du Pont, chairman of the board of E. I. du Pont de Nemours—secret from the people it went to with its propaganda.

Under the federal Corrupt Practices Act all political groups participating in federal elections are required by law to file a report with the Clerk of the House of Representatives listing their total receipts, who contributed the money and how it was spent. American Action reported that it received a total of almost \$96,000 and spent over \$114,000 between Jan. 1, 1946 and Oct. 31, 1946.

Who made up the difference of \$18,000 is not mentioned. Even more important, American Action listed only a fraction of those who contributed even the \$96,000 it admits receiving. No one has challenged this partial return or demanded that the identities of the contributors be made public.

According to its own statement, American Action went into twenty-four Congressional districts in the '46 campaign. It concentrated on those areas which were fairly evenly divided between an anti-Roosevelt policy candidate and a pro-Roosevelt policy one. In such districts, by swaying a comparatively small number of voters, they hoped to be the balance of power and swing the election for their choice.

In only eight districts did they claim to have been the deciding factor. In the other districts they failed; but, wherever they went, successful or not, they raised the "Red menace" issue and called on the voters to elect the man they backed as one not dominated by "alien-minded



radicals." The appeal was made to all voters and particularly to veterans.

Anti-unionists, using the Hitler propaganda tactic of raising a Red issue, captured control of Congress. American Action had demonstrated that the propaganda could be used successfully. But liberal commentators and a number of newspapers were disturbed. They pointed out that men like Hart, who was pro-fascist, and Upton Close, who was notoriously reactionary, brought the organization under suspicion. When the public suspects an organization its propaganda effectiveness is weakened, so those mysterious forces directing the organization asked Hart and Close to resign—which they did. American Action's "Communist menace" propaganda would be more effective if no one could point the finger of suspicion that the organization was pro-fascist. This was particularly important in influencing the votes of veterans. These men had fought fascism on the battlefield and they would not be swayed by an organization suspected of being pro-fascist. Since many of these veterans were trade unionists, propaganda which influenced them would also influence the internal affairs of the unions on the Red issue; thus, union ranks could be split and the first step in the "divide and conquer" tactic taken.

It was necessary that a prominent war veteran who had never been accused of being pro-fascist head the organization, one with sufficient national standing to line up both American Legion and Veterans of Foreign Wars posts to "save the country from the Reds."

Capt. Edward A. Hayes, a past National Commander of the American Legion, was selected by those mysterious personages moving behind the scenes of this "open political movement." The man delegated to offer him the job



# AMERICAN ACTION INC.

TO DEFEND OUR COUNTRY AGAINST ITS ENEMIES AT HOME

Board of Trade Building, Chicago 4, Illinois

September 16, 1946

Confidential

Dear [REDACTED]

Before undertaking direction of American Action, the undersigned conferred with outstanding representatives of anti-New Deal Democrats and with top-flight leaders of the Republican Party. Their judgment was sought as to the practicability of our proposed plan. In every instance, the writer received assurance that in the judgment of the individual interviewed, American Action, as planned by us, would be most desirable.

While it is not intended that participants in American Action shall be limited to veterans, you are entitled to know that the writer, a past National Commander of the largest veterans organization, has enlisted the active support and is receiving most valuable assistance from former leaders of various other veterans organizations. Those past associations make it relatively easy to obtain in each district selected, a nucleus of individuals known for their loyalty and devotion to American ideals and who, regardless of Party, can be expected to work for our objectives.

Sincerely yours,

*E. A. Hayes*

Edward A. Hayes

The head of American Action, an organization formed "to defend our country against its enemies at home," consulted with anti-union political leaders before beginning his "patriotic" duties—and kept these meetings "confidential."



and discuss its various phases was Upton Close who was resigning to eliminate charges of pro-fascism against the organization!

What happened after the proposition was put to Capt. Hayes to head the organization is best told by Capt. Hayes himself. On Sept. 16, 1946, just before the elections he cautiously marked a letter "Confidential" and wrote:

"Before undertaking direction of American Action, the undersigned conferred with outstanding representatives of anti-New Deal Democrats and with top-flight leaders of the Republican Party. Their judgment was sought as to the practicability of our proposed plan. In every instance, the writer received assurance that in the judgment of the individual interviewed, American Action, as planned by us, would be most desirable."

Thus, this movement whose financial backers are not disclosed held conferences with anti-union political leaders of both parties. The veterans, the trade union members, the small business men who were appealed to for support on patriotic grounds were not told of these conferences.

It is obvious that if the country were really faced with a "Red menace" Capt. Hayes did not have to confine his conferences only to anti-New Deal Democrats and top-flight Republican leaders. There are millions of honest pro-Roosevelt policy citizens who are as strongly anti-Communist as Capt. Hayes. Labor leaders like William Green and Phillip Murray are also opposed to Communism. That they were not asked to "save the country from alien-minded radicals" is in itself a confession that the issue was not Reds but anti-unionism and that the Reds were used just for a smoke screen.



The former Commander of the American Legion continued in the same letter:

“While it is not intended that participants in American Action shall be limited to veterans, you are entitled to know that the writer, a past National Commander of the largest veterans organization, has enlisted the active support and is receiving most valuable assistance from former leaders of various other veterans organizations. These past associations make it relatively easy to obtain in each [Congressional] district selected, a nucleus of individuals known for their loyalty and devotion to American ideals and who, regardless of Party, can be expected to work for our objectives.”

Why an organization of patriotic Americans honestly convinced that the country is menaced by Reds and which goes to the people for support “regardless of Party,” finds it advisable not to make public the names of anti-union industrialists financing its propaganda drive, is a mystery. Why patriotic Americans should find it advisable to keep from the voters to whom they appeal for backing the conferences with anti-union politicians, is another mystery. The war veteran who faced enemy fire on the battlefield to save his country from fascism is justified in asking why all this secrecy behind an honest patriotic effort to “save the country” from the Reds—and whether that is the real reason for its activities, or whether the Red scare is not just a smoke screen to put something over on the American people. Hitler, too, used a “Red menace” smoke screen to help him get complete control over Germany.

No American, honestly trying to save his country from



what he thinks is a threat, is ever ashamed of making his name public. Americans trying to save their country from menaces do not mark such efforts "Confidential."

In American Action we have an illustration of the "Red menace" propagandists at work:

1. An organization is founded to "save the country" but the founders conceal their connection with it because both are notoriously anti-union.

2. Anti-union industrialists finance its propaganda and political activities but that fact is kept from union workers who are being propagandized.

3. Veterans are asked to back the effort to "save the country" regardless of Party but meetings of the organization's head with anti-union politicians, are kept "confidential."

That's how the "patriots" work to create a Red scare behind which laws can be passed designed to batter down the standard of living of 15,000,000 Americans and their families.

There is much more that can be said about this organization. I am confining myself to a very brief picture of how a Red scare issue is manufactured to create a smoke screen under which the real objective can be attained: that of weakening and controlling the trade unions. Hitler and Goebbels used the same procedure.

Hitler and Goebbels also realized that to be successful in their "Red menace" propaganda they had to silence critics who would warn the German people of what was happening. In the United States critics capable of warning the people also were silenced. And here we come to an apparently unrelated "Red menace" drive from another quarter which made the headlines at a moment so opportune that it could not have been better timed to achieve



its anti-union objectives, had the timing been arranged in advance.

## 5. THE UN-AMERICAN COMMITTEE'S TIMING

THE ORIGINAL MEETING of American Action took place in the summer of 1945. By the time it was organized and ready to function with propaganda on "alien-minded radicals," the Congressional Committee to Investigate Un-American Activities became active in a way which "just happened" to fall in perfectly with the Chamber of Commerce's anti-union drive.

Most members of this Committee are affiliated with the Chamber of Commerce of the U.S. through membership in their local chambers. J. Parnell Thomas, chairman of the Un-American Committee, for instance, has been a member of the Bergen, N. J., Chamber of Commerce for years; Richard B. Vail, the Chicago industrialist member, is proud that his Vail Manufacturing Co. has been a member of the Chicago Association of Commerce for many years; John McDowell, Committee member and newspaper publisher in Wilkinsburg, Pa., has been a member of the Wilkinsburg Chamber of Commerce for twenty years. So it goes. None of them is a member of a trade union, so far as I have been able to learn.

At this point in the picture of the anti-union drive behind a "Red menace" smoke screen, it should be borne in mind that immediately upon seizing power Hitler took over control of the radio. Once he had that, he could prevent liberal German commentators from warning the



German people of the road down which they were being led and, at the same time, din his own Nazi propaganda into the people's ears. The radio was recognized by Hitler as of such importance in influencing and molding public opinion that it became an offense punishable by death for Germans to listen to broadcasts other than those directed by Goebbels.

In this country, when the ground work was ready for American Action to raise the "Red menace" issue for the '46 campaign, the Un-American Committee in December, 1945, suddenly issued subpoenas for the scripts of seven radio commentators. The subpoenas were issued with the usual fanfare of publicity about an investigation into "subversive propaganda" spread over the air by the news analysts. With such a publicity blast, the radio stations and most sponsors were scared witless. The radio station owner makes his money selling time on the air. If sponsors got the idea that the station permitted "subversive propaganda," they would take their business elsewhere.

The result was that the seven commentators were quickly taken off the air. This was followed just as quickly by similar action all over the country with regard to other liberal commentators. Even where a sponsor was willing to risk being smeared by keeping his commentator on the air, radio stations refused to sell time lest it offend other sponsors and get the station ruinous publicity by being investigated by the Un-American Committee.

Though hailed as an investigation into subversive propaganda only pro-Roosevelt policy commentators were singled out and in time to prevent them from commenting on the '46 elections and the concerted drive against the trade unions. The timing of this hunt for "subversive commentators" might, of course, have been accidental; and it



might also have been what the sporting world calls nice teamwork.

Space prohibits going into details of this Committee's long history of questionable acts and its penchant for smearing patriotic liberals. Considering the sinister ultimate objective behind this "Red menace" smoke screen, created by seemingly independent bodies, and the timing of the Un-American Committee's acts which helped to create a national hysteria, some phases of its activities should be recorded since they indicate the development of a privately run Gestapo financed by public funds.

The files of this Committee are guarded carefully. It is common talk on Capitol hill that even members of the Un-American Committee do not have unrestricted access to the files of their own Committee. To get to them a member has to get an okay from the Committee's chairman, at the moment, J. Parnell Thomas.

A newspaper woman, working for a Washington, D. C., paper, went to the Committee's offices for a feature story. The clerk in the Committee room where she found herself was out for a few minutes. One of the numerous card index files for the multitudinous dossiers kept by the Committee was on a desk and the reporter casually leafed through the cards. To her astonishment the indexes showed that this Congressional Committee had dossiers on members of the House as well as on the United States Senate.

Just how many Congressmen the Un-American Committee was keeping tabs on and how many Senators, she did not learn. In the few minutes she had she found cards on ten. These names she promptly published. The Un-American Committee never issued a denial. The Congressmen on whom she found cards indicating dossiers were Adolph Sabath, Warren G. Magnussen (now a U.S.



Senator and personal friend of Harry S. Truman), Usher L. Burdick, Emanuel Celler, John Coffee, Samuel Dickstein, Harry Senthoff, and Vito Marcantonio.

The two Senators whose cards she found were Claude Pepper and Elbert D. Thomas.

Some Congressmen on whom the Un-American Committee had dossiers were defeated in subsequent elections. That a Congressman is defeated is not extraordinary but that a Congressman is defeated by publication of Red smears from the secret dossiers of the Committee, as in the case of former Congressman Hugh de Lacey, of Washington, is extraordinary for it points to interference by a Congressional Committee in free elections and the use of public funds to collect material used against Congressmen that the Committee disapproves of.

In the '46 campaign, when the mysteriously financed American Action had singled de Lacey out for defeat and was raising a "Red menace" issue about him, material from the Committee's files appeared in a Seattle newspaper which smeared de Lacey as a Red and succeeded in influencing enough voters to defeat him. The Un-American Committee stated that material on de Lacey had vanished from its files. So far as I know the Committee made no strenuous effort to learn who "stole" the material.

The Committee, as other observers have pointed out, takes the attitude that it is a law unto itself. For instance, there has been considerable talk about "front" organizations, most of it emanating from the Committee. For reasons best known to itself it prefers not to make its collection of "front" organizations public. The guess in Washington is that many of the "fronts" considered subversive by the Committee have so many distinguished men and women of unquestioned patriotism on them that to issue their



names would hold the Committee up to ridicule even by those who think it is performing a patriotic service.

At any rate, the Committee has an enormously long list of these "front" organizations. This list, collected by public funds, is not available to the public but is available to select individuals and organizations approved by it. At the Government printing office there is a neat card among the list of Government publications. This card states that the Un-American Committee's list of "front organizations" can be obtained only by application to the Committee. Apparently the Committee or its chairman decides what individual or organization is entitled to material collected by public funds. Presumably the decision is based on what individual or organization can use the list in ways that meet with the Committee's approval.

The Committee also has a master list of names to which Government investigators refer when checking possible subversive connections of individuals. In this master list I found an astonishing collection of persons named at one time or another in testimony on subversive activities. Among the names was one Franklin D. Roosevelt. Another was Mrs. Eleanor Roosevelt. There are Justices of the United States Supreme Court, a motley collection of Governors of sundry states and a whole batch of United States Congressmen and Senators. I did not find a single American industrialist who supplied Nazi Germany, via Nazi-controlled German businesses, with secrets we needed for our own military defense, or who made agreements with Nazi industrialists which curbed our own military defense production.

There is much more that can be said about the Un-American Committee. I mention these few items to indicate that its activities are somewhat peculiar, especially in



matters like the timing in the hunt for "subversive radio commentators"; and in another phase of the "Red menace" propaganda, which I shall come to in a few moments.

With American Action ready with its "alien-minded radicals" propaganda, and with pro-Roosevelt policy commentators off the air, the Chamber of Commerce began preparations of the first of three brochures on the "menace of Communism." These pamphlets were designed for distribution among business men, industrialists, and the general public as a major step to create a nation-wide hysteria around the Red issue, and to help elect an anti-union Congress.

The first of these pamphlets was called *Communist Infiltration in the United States*, and handled the subject on a national scale. For the Chamber of Commerce, with anti-union industrialists in key directing positions, to take the lead in starting the Red scare might arouse suspicions, suspicions that it was creating a smoke-screen for its own particular objectives. It is obvious that if the Red scare was started by some one else, and the Chamber came in a little later with its propaganda, the effect would be cumulative and not likely to arouse suspicion of ulterior motives.

## 6. A MYSTERIOUS "ANDREW AVERY" APPEARS

AT THIS PERIOD, another of those seemingly independent occurrences took place, with the person responsible using extraordinary precautions to conceal his identity and financial backers.

The *Chicago Journal of Commerce*, voice of the industrial and business interests in the mid-west, suddenly



found a mysterious "Andrew Avery" who was an authority on the "menace of Communism" and Communists in the trade union movement. They found him just in time for use in the '46 campaign.

Between June 24 and July 11, 1946, the *Journal of Commerce* published a series of articles on *The Communist Fifth Column*. The articles purported to give "the results of prolonged observation and extensive research into the activities of the Communists in government, labor, and other fields." Immediately upon completion of the series, the articles were published in pamphlet form. Large quantities were bought by business men and industrialists for distribution among their employees. Other quantities were bought by American Action propagandists, already at work in twenty-four Congressional districts, for distribution among local business men, veterans organizations, and trade union leaders. The Chamber of Commerce of the United States advised purchasing the pamphlets. The "Red menace" was on its way.

Once the "Red menace" issue had been worked successfully to elect an anti-union Congress, "Andrew Avery" produced another series on *Communist Power in Industry* to show not merely employers, but union leaders and members, that Reds were dominating trade unions, and that their objective was, not to get increased wages, better working conditions, and job security for the members, but just to create turmoil and confusion so the United States could be turned over to Russia. It was the old Hitler "divide and conquer" policy with the same old "save the country from Communism" cry that the Fuehrer used to win popular support to establish fascism.

This series on *Communist Power in Industry* was run from January 13, 1947, a few days after the anti-union



Congress convened, until the end of the month. It just happened to be exactly the period when a flood of anti-union bills was introduced, and was designed to influence business men to put pressure on Congress to rush the bills through. This series, too, was promptly issued as a pamphlet. The Chamber of Commerce advised readers of its own "Red menace" pamphlet to buy and read the "Avery" product. The timing of the "Avery" pamphlet was the same followed by the Chamber of Commerce of the U.S. The first, the disclosure of the "Red menace," was issued in time for the '46 campaign and the second was timed to appear immediately after the anti-union Congress convened to create the proper atmosphere to pass the flood of anti-union bills which culminated in the Taft-Hartley bill.

From the way the *Chicago Journal of Commerce's* pamphlets were written and timed I suspected that they were not a staff job and that the real objective was not to expose a "Communist menace" but to create a smoke-screen behind which the anti-union bills could be passed. In fact, I suspected that there was no such person as "Andrew Avery" and that it was a fictitious name to conceal the identity of the author and the organization behind him.

I rented a place in Philadelphia for a couple of months to serve as a mailing address and had some letterheads printed of a non-existent firm located at the address I rented. On this stationery I wrote to "Mr. Avery" complimenting him on the job he had done in exposing the "Red menace" nationally and telling him that we business men in Philadelphia had a local Communist problem in the trade unions. I asked if he could get a leave of absence from his paper to investigate Communist infiltration in



**Chicago Journal of Commerce**  
12 EAST GRAND AVENUE  
CHICAGO 90  
TELEPHONE SUPERIOR 8800

May 3, 1947

[REDACTED]  
Philadelphia 21, Pa.

Dear Mr. [REDACTED]

I talked to Mr. Avery about your proposed study of Communism in Philadelphia. It appears that other things tie him up for the present, so that he cannot give a definite answer. I think he is interested in your problem, as you will see from the attached copy of his memorandum to me.

Sincerely yours,

*David Dillman*  
David Dillman  
Managing Editor

meh

Memorandum on Mr. [REDACTED] letter

I shall not be able to undertake such a study in the very near future. This is all I can say at present. I must wait awhile before I can give a more definite answer, which will depend in part on developments in the labor movement and in Washington, and, less directly, on the policy-makers in Moscow.

As soon as the present uncertainty is ended I shall be happy to inform [REDACTED] and further decisions can then be made.

###

The managing editor of the "Chicago Journal of Commerce" opens mail addressed to the mysterious "Andrew Avery" and answers for him, taking unusual precautions to conceal "Avery's" identity and the anti-union organization that finances him.



Philadelphia. Several business associates and I would underwrite the project.

The letter addressed to "Mr. Avery" was opened by David Dillman, managing editor of the *Chicago Journal of Commerce*. He replied promptly that "Mr. Avery" was away and that upon his return the matter would be discussed with him.

One thing was immediately obvious: "Mr. Avery" did not want his identity known. It is not customary for managing editors to open mail addressed to members of their staff; mail is held, or forwarded to wherever the staff man happens to be. That "Mr. Avery" had given the managing editor permission to open his mail meant that he was anxious to conceal his identity. It also meant that "Mr. Avery" was an important person or represented an important organization. Managing editors are busy men, and even if there were reasons to open "Avery's" mail, it would normally be done by the city editor or the news editor or the financial editor or any one of the secondary editors with whom "Mr. Avery" dealt.

That "Mr. Avery" was away might mean just that, or it might mean that "Mr. Avery" operated from a city some distance from Chicago and that "away" was the excuse given to cover the lapse of time between Dillman's writing to him and getting his reply. A little over a week later my suspicions were confirmed. I received another letter from Dillman. This time he enclosed an undated and unsigned memorandum copied from the one he had received from the mysterious "Mr. Avery." The memorandum contained a very significant paragraph. Mr. Dillman wrote:

"I talked to Mr. Avery about your proposed study of Communism in Philadelphia. It appears that other



things tie him up for the present, so that he cannot give a definite answer. I think he is interested in your problem, as you will see from the attached copy of his memorandum to me."

My suspicions that "Mr. Avery" was not a Chicagoan and that the intervening days were consumed by transmission of mail, seemed to be confirmed, for if "Mr. Avery" had spoken to Dillman it was not necessary for the formal memorandum, particularly one so written that it did not refer to any conversation.

The copy of the "Avery" memorandum said, in part:

"I shall be unable to undertake such a study in the very near future. This is all I can say at present. I must wait awhile before I can give a more definite answer, which will depend in part on developments in the labor movement and in Washington, and, less directly, on the policy-makers in Moscow."

"Mr. Avery" then, is another in that long list of "patriots" who work hard to "save the country" from the Reds but who does not want the people he is propagandizing to know who he is or who is financing his activities. "Mr. Avery," who is worried to distraction about the way "Reds" hide their identities under assumed names, does not seem to be a slouch at that sort of thing himself.

Every time I come across a "patriot" who beats his breast and yells that he wants to save the country but refuses to reveal his identity or who is paying him to do the saving, I get very suspicious about the motives behind his activity.

I have gone into these details so the reader will understand how excitement about a "Red menace" is manu-



factured by unidentified and mysterious persons who are financed in their propaganda by equally unidentified and mysterious persons.

## 7. "SPIES" ALL OVER THE PLACE

Like the mysterious "Andrew Avery," who rushed into print with his series on *Communist Power in Industry* a few days after the anti-union Congress convened, the Chamber of Commerce of the U.S. also rushed into print with a melodramatic spy-shocker called *Communists Within the Government—The Facts and a Program*. It was illustrated with a lurid picture of the national Capitol over which was superimposed a red hammer and sickle.

The specific recommendations on what to do with this "Red menace," which had penetrated to the very heart of the Government, took up half the pamphlet and had obviously taken considerable time to prepare and be checked by attorneys. Now, let us look at the timing:

Material for this shocker had to be collected by investigators. It had to be written, sent to lawyers for approval, particularly that half dealing with specific recommendations. Then it had to go to the Chamber's officers and Board of Directors who are scattered all over the country, read by these busy men who presumably dropped all their own work to give it priority, approved by each one (for the pamphlet was approved by the Board), returned to the Chamber, sent to the printer, set up, proof read, printed and ready for distribution early in January, 1947.

I list a few of the processes this pamphlet went through to show that the work that went into it could not have been



done between the elections in November, 1946, and the pamphlet's appearance at the beginning of January, 1947. This means that the pamphlet was ready and held for release for the moment when it would create the proper atmosphere of excitement to exert the maximum influence on the Congress. If the Chamber were really worried about "Reds in Government" it would have issued that information immediately upon obtaining it. That it delayed doing so means that it was more interested in timing its appearance to create a Red hysteria than it was in warning the country about alleged Reds employed by the Government.

I am not here analyzing or considering the pamphlet's patent falsehoods, inaccuracies, and propaganda tricks similar to the technique used so skillfully by Herr Doktor Goebbels, who also specialized in "Red menaces." Charges are made in this pamphlet—but with no evidence presented—that Communists, fellow travellers, and fellow limpers are all over the Government offices and that all of them are spies or potential spies. The loyalty of several million Government employees is questioned, but, not to appear unreasonable, the Chamber of Commerce plays safe and says that "the overwhelming majority are loyal." Naturally, the pamphlet was sensational, as would be any charges by a presumably responsible organization that "agents of a foreign government" are all over the Government offices.

We now come to another of those seemingly unrelated occurrences, the timing of which just happened to fall into the category of nice teamwork. The Un-American Committee, which had been investigating Communists and Communism for years, decided to hold hearings to outlaw the Communist Party as an "agent of a foreign govern-



ment." The timing is interesting. First, the Committee had some information in November, 1946, about one Gerhard Eisler, a German Communist and refugee in this country from the Nazis. Action on him was held in abeyance, presumably for further investigation of the allegations made against him.

After the anti-union Congress had been elected with the help of a "save the country from the Reds" campaign, and convened in January, 1947, the Chamber of Commerce of the U.S. issued its melodramatic pamphlet about "foreign agents" in Government offices. The "Communists-dominate-the-trade-unions" campaign was kept in full swing while the anti-union bills were being debated. At this period, when even the most conservative unions began to fight for their very existence and denounce the campaign as a smoke screen to hide its anti-union aim, the Un-American Committee suddenly came out with sensational statements that Eisler was the No. 1 Boss of all the Communists in the United States; that the dissolved Communist International was not really dissolved. The papers were filled with headlines that Eisler was an atom bomb spy who, between bossing all the Communists and being chief atom bomb spy, also did some odds and ends spying. And the Un-American Committee, riding its white charger to save the country, announced that it would hold open hearings to outlaw the Communist Party.

The "Red menace," which had been dying for lack of evidence, suddenly leaped to life again as a real, dark, and sinister threat to the country. And running through all of these horrendous allegations could be found the leading *motif* that Reds dominated or controlled unions. The public was being sold the idea, by juxtaposition, that unions were a menace to the country, too.



This sort of timing by the Un-American Committee arouses suspicions that the Congressional Committee does its investigating with an eye to teamwork aimed to bolster the Chamber of Commerce's long-prepared barrage against the unions.

The Committee, and most of the witnesses it heard in its hearings, knew, as subsequent events proved, that the Communist Party would not be outlawed. The Communist Party was too good a whipping boy to be put out of business, for then there would be no one to blame when the powerful industrialists were ready to start for other objectives than the weakening and control of the trade unions. But, the hearings to outlaw the Communist Party, the atom-bomb spy stories, and the dark charges that Government offices had been penetrated by "agents of a foreign government," served to keep the "Red menace" fire flaming while Congress was deciding how far it dared go with anti-union laws.

Experienced and conservative trade union leaders realized what was being done and, at the risk of being denounced as "Reds," warned their members that the "Red menace" was a propaganda smoke-screen to hide fascist designs on the country. A. F. Whitney, president of the Brotherhood of Railroad Trainmen, certainly no Communist or fellow traveller, and head of one of the most conservative unions in the country, warned his membership, "Know Your Enemy," in the union's official *Journal*:

"The anti-Communist sentiment of the American people is being deliberately inflamed by native American fascists to promote their own evil ends. . . . If the fascists can keep the people busy discussing Communism, their opportunity to crush democracy



will be strengthened. We need to turn the guns of our national effort and publicity on eliminating American fascism, which is responsible for high prices, anti-labor legislation, housing shortages, excessive profits, dwindling purchasing power and witch hunts.”

But this and similar warnings went unheeded in the main. The newspapers continued with their sensational headlines. The radio news broadcasters continued with their sensational announcements of the headlines, since most pro-labor commentators had been removed from the air. And then the President of the United States poured a truck full of gasoline on the already furiously blazing flames.

## 8. THE PRESIDENT'S LOYALTY ORDER

IN ITS SECOND BROCHURE, *Communists Within the Government*, the anti-union industrialists running the Chamber of Commerce of the U.S. presented detailed recommendations on what it wanted done to get Communists and fellow travellers out of Government employ.

While the “menace of Communism” propaganda was gaining momentum, the President wrote to ex-Governor George H. Earle, of Pennsylvania, who gets apoplectic even at the mention of Communists. In his letter the President referred to the Red scare as a “bug-a-boo.” Apparently the President himself was not falling for it. Disclosure of this letter was made by Carroll Reece, national chairman of the Republican Party.



Nevertheless, one month after writing this letter, the President issued an extraordinary Loyalty Order which hit the front pages of the country's newspapers and added immeasurably to the anti-Red hysteria sweeping the country. In this order there are some startling similarities to the Chamber of Commerce's ideas on how to handle the "Red menace" among Government workers.

A side by side comparison between what the Chamber of Commerce wanted done and what the President of the United States ordered done is interesting:

### THE CHAMBER'S RECOMMENDA- TIONS

. . . responsibility for staff loyalty be placed not only upon the Civil Service Commission but also upon all agency, section and department heads. . . .

Each executive officer should be duty bound not only to report any evidence of disloyalty but to see to it that proper action is taken in each case. He should be responsible for the drawing up of any special security measure appropriate to his department and for the appoint-

### THE PRESIDENT'S ORDER

The head of each department and agency . . . shall be personally responsible for an effective program to assure that disloyal civilian officers or employees are not retained in employment in his department or agency. . . .

He (the head of a department) shall be responsible for prescribing, and supervising the loyalty determination procedures of his department or agency, in accordance with the provisions of this order, which shall be considered as providing minimum requirements. The head



ment of a security committee which should function in his agency, section or department.

Congress should see that some central agency is responsible for security and Loyalty supervision. This agency should set definite standards, which must be followed by department and agency heads.

Insofar as possible, and subject to the exception of the Federal Bureau of Investigation, security files of Government should be centralized. . . .

The Department of Justice should make public at

of each department and agency shall appoint one or more loyalty boards . . . and he shall prescribe regulations for the conduct of the proceedings before such boards.

There shall be established in the Civil Service Commission a Loyalty Review Board. . . . The Board shall make rules and regulations . . . deemed necessary to implement statutes and executive orders relating to employee loyalty. . . . The Loyalty Review Board shall also: Coordinate the employee loyalty policies and procedures of the several departments and agencies....

There shall be established and maintained in the Civil Service Commission a central master index covering all persons on whom loyalty investigations have been made by any department or agency since Sept. 1, 1939.

The Loyalty Review Board shall currently be



least twice a year a certified list of Communist controlled front organizations and labor unions.

In order to protect its sources of information, the Federal Bureau of Investigation does not disclose them to the various agencies. . . . The Federal Bureau of Investigation should be permitted to keep its sources confidential but it should be required to state definitely whether on the basis of its weighted findings the subject is or was a member of the Communist Party, a fellow-traveller and the like. . . .

furnished by the Department of Justice the name of each foreign or domestic organization, association, movement, group or combination of persons which the Attorney General . . . designates as totalitarian, fascist, communist or subversive. . . .

. . . the investigative agency may refuse to disclose the names of confidential informants, provided it furnishes sufficient information about such informants on the basis of which the requesting department or agency can make an adequate evaluation of the information furnished by them. . . .

Approximately one year before the President issued his Order the heads of various departments of the Executive branch of the Government outlined the routine procedures their departments followed to check the loyalty of their employees. This customary and routine procedure covered practically what the President ordered.



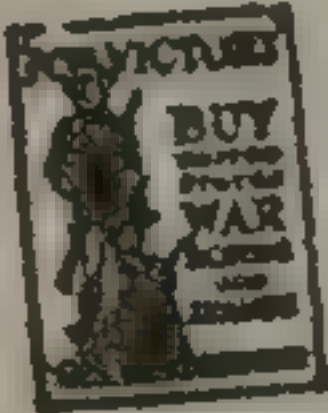
The Navy has an excellent intelligence service of its own. The loyalty of all applicants for work in the Navy Department is investigated. James Forrestal, Secretary of the Navy, explains their procedure:

“It has been my understanding that the files of the Committee on Un-American Activities in the House of Representatives represent a compilation of recorded information and as such have been regarded by accredited investigative agencies of the several Executive Departments as a reference source for individuals or organizations with a possible known subversive connection.

“In order to cover all possible sources of information and in certain cases wherein it appeared likely that the Committee might be in possession of pertinent information, the Office of Naval Intelligence has checked the Committee files for possible data of record. Any and all such requests to the Committee by Naval representatives have in turn been predicated upon specific requests to the Naval Intelligence Service for official investigations. Any data obtained from the Committee records has been used as a basis for developing logical investigation in the cases concerned. It has merely constituted a source of information to assist in effecting as complete coverage of a case as possible and has in no way been in lieu of, or lessening the scope of investigative efforts necessary on the part of the Navy Department investigating representatives.

“The foregoing procedure has been one of long standing, and, as I have explained, has been concerned with a mere file check as routine source of information. . . .”





UNITED STATES CIVIL SERVICE COMMISSION  
WASHINGTON 25, D. C.

ADDRESS ONLY  
"YOUR SERVICE EMPLOYMENT"  
IS YOUR MOST VALUABLE ASSET  
FILE [REDACTED]  
AND DATE OF THIS LETTER

April 11, 1946


PERSONAL AND CONFIDENTIAL

Dear [REDACTED]

I wish to add that our investigative practices call for the search of other records for similar development of leads. Among these are our own Investigators' Reference File and the files of the Federal Bureau of Investigation, which since July 18, 1944, have been searched in all cases we have completely investigated. The files of the Military Intelligence Service or the Office of Naval Intelligence, as appropriate, are searched when the person under investigation has had military or naval service or is an applicant for employment in the War or Navy Department, as well as in connection with investigations of persons on whom the MIS or the ONI had previously informed us that its files contained leads of unfavorable information.

We utilize whatever records are available and pertinent to the particular issues we must resolve in a given case. From our full and complete assemblage of facts, we can arrive at a just and equitable decision as to the qualifications of the individual investigated.

Sincerely yours,

  
Harry B. Mitchell  
President

Harry B. Mitchell, president of the Civil Service Commission, explains how the loyalty of the Government employee has always been checked as a routine measure even before the President issued his sensational Loyalty Order.



Harry B. Mitchell, president of the Civil Service Commission, explained its procedure:

"I wish to add that our investigative practices call for the search of other records [than those contained in the files of the Un-American Activities Committee] for similar development of leads. Among these are our own Investigators' Reference File and the files of the Federal Bureau of Investigation which, since July 18, 1944, have been searched in all cases we have completely investigated, the files of the Military Intelligence Service or the Office of Naval Intelligence, as appropriate, are searched when the person under investigation has had military or naval service or is an applicant for employment in the War or Navy Department, as well as in connection with investigations of persons on whom MIS or the ONI had previously informed us that its files contained leads of unfavorable information.

"We utilize whatever records are available and pertinent to the particular issues we must resolve in a given case. . . ."

Robert Patterson, Secretary of War, explains the War Department's loyalty check:

"The War Department makes numerous routine inquiries to determine the fitness and qualifications of persons seeking specialized employment. One of the best sources of information is in the records of Federal, State, and local government agencies. Any or all of these agencies may be consulted in particular cases. Requests are made as a routine administrative action. . . .

"All government agencies, including the Committee on Un-American activities, always has been most



ADDRESS OFFICIAL COMMUNICATIONS TO  
THE SECRETARY OF STATE  
WASHINGTON 25, D. C.

DEPARTMENT OF STATE  
WASHINGTON



April 1, 1947

My dear [REDACTED]

Within this period, the representatives of the Department's Division of Investigation inspected the records of the Committee on Un-American Activities for information with respect to more than 8000 individuals. Examination of this Committee's records, as well as of data available from other Governmental sources, is routine procedure in connection with the Department's policy of scrutinizing all available information which may be pertinent and material to the matter of the character, fitness, loyalty and other qualifications of individuals seeking employment with the State Department.

The Department's investigation of applicants for employment is carried on in strict confidence and with appropriate safeguards to the character and reputation of the individual under investigation. When the complete data on an applicant is gathered by the Division of Investigations, the material is screened, correlated and carefully evaluated by the proper officers of the Department before a recommendation is made by the Division of Departmental Personnel to the Assistant Secretary for Administration with respect to the employment of a given individual. The assessment of a man's fitness for employment by the Department is a decision which the Department makes for itself, acting through its own officers and upon its own findings. That decision is not made in consultation with any committee of Congress or in reliance upon the work of such committee's staff.

Sincerely yours,

*Dean Acheson*  
Acting Secretary

Dean Acheson, formerly Acting Secretary of the Department of State, explains the Department's long standing routine investigation into employee loyalty.



helpful in furnishing information which they may have. Information received from any one agency is evaluated with that received from other sources, including our own, and is used in making a determination of the qualifications of the person being investigated. . . .”

Dean Acheson, former Under Secretary of State, explains his Department's procedure:

“Examination of this Committee's [Un-American] records, as well as of data available from other governmental sources, is routine procedure in connection with the department's policy of scrutinizing all available information which may be pertinent and material to the matter of the character, fitness, loyalty and other qualifications of individuals seeking employment with the State Department.

“The Department's investigation of applicants for employment is carried on in the strictest confidence with appropriate safeguards to the character and reputation of the individual under investigation. When the complete data of an applicant is gathered by the Division of Investigations, the material is screened, correlated and carefully evaluated by the proper officers of the department before a recommendation is made by the Division of Departmental Personnel to the Assistant Secretary for Administration with respect to the employment of a given individual. The assessment of a man's fitness for employment by the department is a decision which the department makes for itself, acting through its own officers and upon its own findings. That decision is not made in consultation with any Committee of Congress or in reliance upon the work of such Committee's staff.”



Thus, we find that every Department of the Executive Branch of the Government has for years pursued a routine procedure of investigating the loyalty of its employees in which they utilize every available source of information.

The question naturally arises: why did the President issue his extraordinary order, especially since a month earlier he had made light of the "Red menace" as a "bug-a-boo."

We can, of course, only surmise his motives.

Republican Party leaders had made the "Red menace" an issue in '46, and it had met with a measure of success. It had helped defeat a number of pro-Roosevelt policy Congressmen and the Democratic Party lost control of Congress.

With the country semi-hysterical from propaganda about Reds in Government, Reds in trade unions, Reds in Hollywood, Red spies, atom bomb spies, and so on, a Democratic President who poo-pooed such a collection of menaces might even be tagged a "fellow-traveller" if he did not do something about "saving the country." The Democratic Party might even lose the Presidency on the same issue in '48 if the President did not take the play away from the Republicans. It might be "good politics" to take the offensive away from the Republicans. If the Republicans saw a Red lurking behind every street corner light, then the Democrats would see two.

Another aspect of the order which would meet with the approval of anti-Roosevelt Democrats, as well as Republican Party leaders, was the likelihood that it would curb the type of investigations conducted during the Roosevelt administrations, which made public sensational and shocking facts about the way key corporations in this country



controlled the lives of the American people. The investigations were made by both the House and the Senate and included a study of the use of labor spies to keep workers from organizing; of tie-ups between American business men and Nazi business men to the detriment of American security; of the control of the United States and its 140,000,000 people by eight major financial groups. Such official investigations made public information which the country's key industrialists wanted kept buried in their private files and not made available to the people.

Most of those who worked on these investigations are still in the Government employ. They know the ins and outs of business control over the country; they know the interlocking directorates of the Chamber of Commerce and the National Association of Manufacturers; how the lobbyists employed by these organizations work; they know the identities of the American industrialists who made agreements with the Nazis which put us at a disadvantage when the war broke out. Such employees know too much; and Government employees who dug up such material obviously must be regarded as enemies of "free enterprise." And anyone who is an enemy of free enterprise is just as obviously not a good American, since free enterprise is the "American way"; and if he is not a good American then he is a Communist. Obviously! That's why the Government offices are so full of Communists. The industrialists running the Chamber of Commerce and N.A.M. would feel considerably better if such employees were not on Government payrolls.

The third surmise involves the international scene which influenced, to a considerable extent, the anti-Red campaign. Because it would lead off into a complex field, I touch on it only briefly in relation to the Loyalty Order.



For reasons of American policy—space prohibits analyzing the factors behind it—the United States decided to give financial and military aid to Greece and Turkey as part of its “Stop Communism” drive. Even the Republican Congress was a little stunned when the President requested such aid for Turkey which had been pro-Nazi all during the war, and whose leading business men had made huge fortunes supplying Nazis with material which helped kill and maim American soldiers.

Some sections of Congress, in the face of public resentment, balked. It could gloss over the fact that Greece had an anti-democratic regime, kept in power by British military forces, but at least Greece had fought the Nazis. Some biting comments were made that the real reason the President wanted to give aid to Greece and Turkey was not to “stop Communism” but to bolster American banking and industrial efforts to control the Near East oil fields. Some Congressmen and Senators asked bluntly why, if Great Britain could afford to keep 100,000 soldiers in Palestine, it suddenly discovered that it could not afford to keep 10,000 in Greece without going bankrupt.

Faced with this rising tide of resistance, and the widespread suspicion regarding the wisdom and motives of the “stop Communism” drive which was endangering his proposal, the President suddenly issued his Loyalty Order. The effect of a Presidential order of this nature gave the American people the feeling that the danger from the Reds was very acute and very real. And all this, a month after the President himself had ridiculed the hysteria by asserting it was a “bug-a-boo!”

I have not mentioned, in considering the similarities between what the Chamber of Commerce wanted and what the President ordered, those aspects of the order which



practically wiped out some of our fundamental principles of law and justice, in defense of which we had just finished a long and bitter war. Even conservative newspapers which cannot be suspected of harboring even red ink in their composing rooms voiced pained surprise. Perhaps the best picture of what the President's order does to the fundamental guarantees of law by which we live was given by A. L. Pomerantz, American Deputy Chief Counsel at Nuremberg. Upon his return to the United States after helping prosecute Nazis, Pomerantz read the President's Loyalty Order and, in a long and indignant letter to the *New York Times* (published May 4, 1947), gave his analysis and reaction. He wrote, in part:

“Having recently returned from Nuremberg, I am struck by certain ironical contrasts between our Government's prosecution of Nazi criminal organizations at Nuremberg and our parallel proceedings here against so-called disloyal American organizations. It would seem that we are providing American justice for Nazis, but Nazi justice for Americans.

“Upon returning to the United States I found that whatever we may have taught the Nazis, we have absorbed into our own legal system the German tyranny that we fought and inveighed against. I refer to our Executive Order which provides that anyone of the two and one half million employees in the Executive Branch of our Federal Government can be summarily fired if he is, or ever was, a member of, or in ‘sympathetic association’ with, any organization or combination of persons placed by the Attorney General of the United States on his private blacklist.

“The condemned organization receives no indictment or even intimation that its loyalty is impugned.



It gets no hearing or opportunity to contest the charge. The Attorney General merely says: 'Thou art condemned.' Thereupon, its members, past, present and future, are automatically judged guilty of the heinous offense of disloyalty to their Government. The American citizen, unlike his German counterpart, is afforded no opportunity to challenge the Attorney General's *ex-parte* condemnation of his organization.

"This conviction without trial, borrowed from the darkest days of the Nazi inquisition, is a startling innovation in American judicial procedure. Its gravity is accentuated by the fact that the member of the condemned organization is subject to an extraordinarily severe penalty. Nominally he is discharged from Federal employment. This is bad enough. But the practical effect is an economic death sentence. For one can imagine how remote are the chances of a person discharged for disloyalty to his Government, finding other employment. . . .

"On this charge of personal disloyalty, the Government employee gets a trial—a mockery of a trial. The charge, says our Executive Order, shall be only as specific as, 'in the discretion of the employing department or agency, security considerations permit.' And this is further hedged by the rule that the investigative agency may refuse to disclose the names of 'confidential informants.'

"Yes, you get a trial on an indictment that doesn't inform you of the charges, and with no opportunity to confront or examine, or even to know of, the complaining witnesses. And the burden of disproving the undisclosed charges rests on the defendant. It should be added—shades of the malodorous German Peoples' Courts!—that the tribunal which hears these cases is appointed by and responsible to the department head, who may be the complainant.



"This is twentieth century American justice.

". . . in the first place, we proudly boast that ours is a Government of laws, not of men. It is our laws which furnish the prophylaxis against the possibility of abuse from evil or stupid men. . . . In these days when the issues are getting sharper and hotter, when dissent from Government policy brings down on the head of the dissenter pathological fury, even threats of jail, it is dangerous to have to depend on those who have the power to use it temperately.

"In my judgment, the Executive Order is, both substantively and procedurally, the most Nazi-like and terrifying law since the Alien and Sedition Acts. It should be repealed *in toto*. There are enough laws already on our books to protect us against treason, sabotage and real disloyalty."

## 9. THE CHAMBER'S PAMPHLETS

THE THREE BROCHURES on the "Red menace" issued by the Chamber of Commerce have, at this writing, reached a circulation of over one million copies.

The first pamphlet was issued in October, 1946, in time for immediate use in that year's Congressional campaign. It supplied propaganda for use by the mysteriously financed American Action. This, coupled with the "Red menace" pamphlet issued by the *Chicago Journal of Commerce* and published under the name of an individual who conceals his identity and who is financing his activities, served as the spearhead to create a national hysteria about "Red infiltration" while the real immediate objective of stringent anti-union laws was being put over.

With the ground work done and an anti-union Congress elected, the Chamber issued its second pamphlet



*Communists Within the Government*, which indicates from internal evidence that it had been prepared long in advance and held for release at the most opportune moment to excite the country about spies, secret agents and just plain "disloyal" Americans in order to distract the people's attention while anti-union bills were being pushed through.

The third pamphlet on *Communists Within the Labor Movement* was the pay-off in the series. It raised the "menace of Communism" in trade unions in time to influence passage of the anti-union Taft-Hartley bill and also presented detailed advice to the employers on how to break the unions with which they had contracts, by using the approach of "fighting Communists in the union."

Without going into a detailed analysis of these pamphlets to point out provable falsehoods, unsubstantiated assertions presented as facts, the use of innuendo, juxtaposition and a host of other tricks of the propagandist used so successfully by Herr Doktor Goebbels, I shall illustrate briefly the technique used:

In the very preface of the brochure on labor, the Chamber states:

"Furthermore, management alone cannot solve the problem. The cooperation of anti-Communist workmen and labor leaders is indispensable."

The business man gets the idea. Among his employees, as in most unions, is a group in opposition to those elected to office. The opposition makes charges that those elected to office are Communists or Communist-dominated. The employer cooperates with the opposition and effectively splits the union into warring factions. Again, it is the old



Hitler technique of "divide and conquer." Advice along such lines is found all through the pamphlet.

The brochure explains how a Communist-controlled union can be spotted. Communists, says the Chamber, make excessive demands on the employer. If a trade union leader, when living costs jump thirty per cent, demands, on behalf of his membership, a thirty per cent wage increase to meet the increased living costs, then he's a Red. There can be no mistake about that.

The Chamber does not hesitate to go to absurd lengths in its "Red menace" propaganda. Communists, the pamphlet warns, will use any kind of trick to get control of a union, the opposition or the employer, even to the extent of:

"Communist women are prepared to seduce any opponent who is weak enough to fall for their wiles. Then blackmail effectively silences opposition from this quarter."

The Chamber, after going into great details on how Machiavellian the Reds are, and having scared the employer, who by now probably thinks his private secretary is secretly a Red agent on a choice assignment, suggests that he hire a specialist to help him cope with the Red problem:

"At the beginning, at least, it may be desirable to call in outside consultants who are expert in handling Communism in the labor movement. Unfortunately thus far, none of the national services which are offered to industrial relations directors has concentrated upon this problem. Undoubtedly some individual industrial relations consultants are familiar with it. But the issue has been recognized too recently to permit the building up of specialized competent services in relation to it."



The Chamber's brochures were issued by its Committee on Socialism and Communism, with the approval of the Board of Directors. For the years 1946-47 when the pamphlets were issued, this Committee consisted of five men. The chairman was Francis P. Matthews, chairman of the Securities Acceptance Corporation of Omaha, Neb. Emerson P. Schmidt, Director of Economic Research for the Chamber, is the Committee's secretary.

Usually the actual propaganda work is done by hired employees and the Committee is just a collection of "front" names to show "democratic procedure." Since Schmidt's name was on the Committee as the Chamber's Director of Economic Research, I assumed he was in charge of the Chamber's "save the country from the Reds" drive, an assumption that turned out to be correct.

Upon making a few inquiries I learned that Schmidt is an ex-professor of economics who was born in Canada and came to the United States in 1919.

Ex-Professor Schmidt is apparently a restless and ambitious soul. Just what jobs he held in his first years in this country I do not know; perhaps he was just studying. But, five years after he came to the United States and while still an alien, he became an assistant professor of economics at Marquette University in Milwaukee, Wis. He held this job from 1924 to 1926. Either the University did not want him after that or he was looking around for something better, for from 1926 to 1928 he was at the University of Wisconsin where he got a job as a mere instructor in economics. He lasted two years there, too. Then he trekked out west, for from 1928 to 1930 we find him (still an alien) a full professor of economics at the University of Oregon.

Now, a man who holds a full professorship in a nation-



ally known and respected university, has tenure. He is set for life in his chosen field of scholarship and teaching. Only an extraordinary situation or an offer from a university of greater prestige ordinarily causes him to leave. Prof. Schmidt after two years left. This time he went to the University of Minnesota as an assistant professor of economics—a step down in position.

So far as Prof. Schmidt's jobs were concerned, the labor turnover was pretty high.

After he became an American citizen his teaching career seems to have come to an end. He was hired by the Province of Alberta for a while and then returned to the United States to take a job as economic consultant and editor of the American Legion Employment Stabilization Service. He held this job from 1939 to 1942. He went to the Chamber on January 1, 1943.

Prof. Schmidt's perambulations are of no importance except that they show that a life devoted to scholarship was apparently not to his liking, or, perhaps his economics and logic were not to the liking of the universities where he taught. I shall touch on his scholarly logic shortly.

With the mysterious "Mr. Avery" in mind and the Chamber's advice to consult specialists in Reds, I wondered just what advice the Chamber would give an employer who did not know where to find such specialists. The advice had all the earmarks of the sort employers used to get when they were told to go to a detective agency which would supply labor spies to work in a plant, find out who joined the union, report their names and have them fired; or, if there were too many already in the union, join the ranks and create dissension from within so the organized workers could not present a solid front. Labor spying was made illegal under Roosevelt and the in-



LAW OFFICES  
FRANCIS P. MATTHEWS  
INSURANCE BUILDING  
OMAHA  
2

FRANCIS P. MATTHEWS  
200 P. HILL

March 27, 1947

[REDACTED]  
Philadelphia 21, Pa.

Dear [REDACTED]

Your letter of March 24th has been received and read with deep interest. It is gratifying to know your attitude with respect to conditions existing in Philadelphia, and your willingness to assist in correcting them.

I would suggest that you write to Dr. Emerson P. Schmidt, Director of Economic Research, Chamber of Commerce of the United States, Washington 6, D.C., soliciting his assistance in locating the help for which you are looking to investigate and get action with regard to your local situation. I am sure you will find Dr. Schmidt very helpful.

Sincerely yours,

*Francis P. Matthews*

FPM:PMcC

cc: Dr. Schmidt

The Chamber of Commerce's Committee on Socialism and Communism advised business men to get "specialists" to investigate Reds in trade unions, but the advice of the Committee's Chairman is to ask the Chamber's Director of Economic Research for labor spies.



dustrialists had lost an ace in the hole for preventing their employees from organizing.

The advice published by the Chamber sounded like a resurgence of the old labor spying business, only this time it was disguised as a search for Reds. So far as the employer was concerned the effect would be the same.

On the stationery of the fictitious business firm I had used to write to "Mr. Avery," I wrote to the chairman of the Chamber's Committee on Socialism and Communism since it specialized in Reds. I informed Mr. Matthews that in Philadelphia, where my business was supposed to be, we had a local Communist problem in the trade unions. Since I did not know where specialists in Reds could be found, and since he and his Committee had advised business men to get them, I asked him to put me in touch with some. Several business associates of mine and I would underwrite the cost of the investigation and publish the results.

Apparently Mr. Matthews, though chairman of the Chamber's Committee specializing in exposing Reds, is not familiar with the details. Those are handled by the perambulating ex-professor of economics, for Mr. Matthews immediately sent my letter to him. I quote from Mr. Matthews' letter to me:

"I would suggest that you write to Dr. Emerson P. Schmidt, Director of Economic Research, Chamber of Commerce of the United States, Washington 6, D. C., soliciting his assistance in locating the help for which you are looking to investigate and get action with regard to your local situation. I am sure you will find Dr. Schmidt very helpful."

Dr. Schmidt, upon receiving a letter from Mr. Mat-



CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA  
WASHINGTON

ECONOMIC RESEARCH DEPARTMENT  
EMERSON P. SCHMIDT, DIRECTOR

March 31, 1947

[REDACTED]  
Philadelphia 21, Pa.

Dear [REDACTED]:

I have a letter from Mr. Francis P. Mattheve enclosing a copy of your letter of March 24th to him. We are very much interested in the plan which you are considering.

I would suggest that you write to Father John F. Cronin, National Catholic Welfare Conference, 1312 Massachusetts Avenue, N. W., Washington, D. C., or if you wish I could talk to him about it. He has a long experience in research of this type and knows a great many people who have high competence to do this kind of job.

I do not happen to be a Roman Catholic myself and do not know what your interest in religion may be. I mention this only to tell you that the mere fact that Dr. Cronin is attached to a Catholic church should not make any difference either pro or con in your contacting him. In other words, he is a highly trained economist who understands research and will do the kind of job or will pick the kind of people who will do the kind of job which confronts you.

Yours very sincerely,

*EP Schmidt*  
EMERSON P. SCHMIDT

The Director of Economic Research of the U.S. Chamber of Commerce recommends a Catholic priest "who has a long experience in research of this kind" to do labor spying!



thews, with a copy of my letter, did not wait to hear from me. He wrote immediately and his letter was startling. I quote it in full:

“I have a letter from Mr. Francis P. Matthews enclosing a copy of your letter of March 24th to him. We are very much interested in the plan which you are considering.

“I would suggest that you write to Father John F. Cronin, National Catholic Welfare Conference, 1312 Massachusetts Ave., N. W., Washington, D. C., or if you wish I could talk to him about it. He has a long experience in research of this type and knows a great many people who have high competence to do this kind of job.

“I do not happen to be a Roman Catholic myself and do not know what your interest in religion may be. I mention this only to tell you that the mere fact that Dr. Cronin is attached to a Catholic church should not make any difference either pro or con in your contacting him. In other words, he is a highly trained economist who understands research and will do the kind of job or will pick the kind of people who will do the kind of job which confronts you.”

I read this over several times in amazement. I had asked the Chamber of Commerce to put me in touch with people who would investigate alleged Reds in trade unions—specialists, as the Chamber called this type of labor spy and I was referred to a Catholic priest with assurances that he would do the kind of job I wanted done. There was no misunderstanding the letter: a member of the Catholic hierarchy would engage in or direct the work of spying on trade unions said to have Communists in them.

That some members of the Catholic hierarchy are ene-



mies of Communism is widely known. But that a member of the hierarchy is so close to the anti-union Chamber of Commerce that it recommended him as an aide while the Chamber is engaged in an all-out drive against organized workers is difficult for Catholics who are good union members to understand.

Perhaps the most shocking part of this letter is the similarity to what happened under Hitler. In Germany, too, ruthless industrialists, bent on destroying the trade unions, used members of the Catholic hierarchy under the guise of "fighting Bolshevism." What happened to Catholics in Germany is now history. They, too, suffered greatly under fascism.

Trade unions do not ask their members if they are Catholics, Protestants, Jews, or Mohammedans. Workers of all faiths join together in a union to get wages to enable them to maintain a decent standard of living. Efforts to break the unions by raising issues which create internal dissension play the employer's game, and this sort of tactic is resented by Catholics who are union members as well as by those of other faiths. There are many good, loyal Catholics who are members and leaders of trade unions.

## 10. THE REAL OBJECTIVE?

THAT THE CHAMBER is not primarily opposed to Reds but to any union which demands decent wages, good working conditions, and job security is evident from a study on *Industrial Relations—Frustrated and Perverted*, which Prof. Schmidt authored. The Chamber will be happy to give you a free copy. Wrote the professor:

"Strikes, internecine labor squabbles, absenteeism, high labor turnover, reduced labor effort, re-



strictionism and feather bedding, pay for doing nothing, boycotts, failure to enforce local laws against mass picketing and violence, demands for 50 to 100 per cent wage increases, defiance of the United States government—all these may be the symptoms of an almost lethal disease. In small volumes these symptoms may be present in any society; when they become general the patient may die, unless the trend is reversed.”

“Among the disturbing elements,” he continues, “is Communist influence in the world of ideas and in the labor movement.” He notes regretfully that:

“By widespread and irresponsible labelling of every reform and New Deal measure with the epithet ‘Communist’ the American people have become dangerously immune to the fear of Communist infiltration.”

It is an old propaganda technique to denounce a tactic as unwise or unfair when people begin to suspect it, and having disarmed the reader by this evidence of fair-mindedness, to proceed to use the same technique. The professor does this well:

“The National Labor Relations Board had its policies greatly influenced if not dictated, for a time, by Communists and their sympathizers on their payroll. During this period the employers were gagged and fenced in. Communist influence in the Department of Labor is on the increase. The Communists in the U. S. Treasury engineered the plot to deliver Germany to the U.S.S.R. by exceedingly devious tactics and were in the process of having their goals realized when suddenly Secretary Byrnes, in Sept. 1946, cried out for a unified Germany to save the Germans for freedom, if not for free enterprise.”



To engineer a plot to turn a whole country over to another country takes pretty good engineering. That a handful—or even a truckful—of minor executives and ordinary office clerks in one branch of our many-branched Government could engineer that goes to show what the Reds can do. That there is a Cabinet member who is Secretary of the Treasury, that there is a Cabinet member who is Secretary of State, that there is a Congress and a President, and that none of them would realize that a small clique is engineering the turning over of one country to another country—implies either such incompetence on the part of our leading officials that they should not be permitted to hold the office of dog catcher, or else it implies that the ex-professor directing the Chamber's Economic Research is not too greatly troubled by logic or such incidentals as proof or evidence.

The propaganda technique employed by the professor is interesting. Since most employers, faced with a union disagreement up before the N.L.R.B., were convinced, if the decision favored the union, that it was unfair, it was not difficult to persuade them that the "unfairness" was due to a plot—a Communist plot, naturally. Reds Trojan-horsed their way into the N.L.R.B., and were giving the unions anything they wanted—all as part of a plot not only to turn Germany over to Russia but the United States, too. Why the Treasury Department was brought in by the professor, I do not know. It seems to me that the N.L.R.B. could have handled the trifling chore of turning the United States over to Russia without the Treasury's help.

Perhaps the reader thinks I am facetious when I add the United States to Germany as among the countries to be turned over to Russia, so let me quote the professor to avoid any misunderstanding. He wrote:



“The American Communists have as their ultimate aim the delivery of the United States into the hands of the U.S.S.R. . . .”

Such trifling matters as proof, evidence or even sense in this bald statement do not deter the Director of Economic Research when he wants to get across his propaganda. The only thing omitted in this inside tip is whether the United States will be wrapped in cellophane when the delivery is made.

Prof. Schmidt is just full of inside dope:

“... their [Communist, fellow-travellers and presumably all their relatives] immediate aim is the weakening of our economic machine to enable the U.S.S.R. to gain its ends in Europe and Asia.”

We are now making some real progress. The Reds are now going to turn over not just Germany and the United States, but all Europe and Asia, to the Russians. Why the South Pole is left out, I do not know. I do know that there are a lot of capitalist-looking penguins down there.

The professor, however, has an objective in all this inside stuff propaganda. This objective is found in the phrase “weaken our economic machine.” The only way an economic machine can be weakened is when production ceases—that is, when workers go on strike or an employer closes his plant because he does not want to grant his workers’ demands or because he has overproduced and is waiting for the market to absorb his product. When a worker goes on strike for a living wage he is “weakening the economic machine.” When an employer raises prices to maintain or increase his level of profits, that is free enterprise. When workers weaken the economic machine by going on strike they are not doing it for increased



wages to meet increased living costs, but only because it is part of a Red plot to turn Europe and Asia over to the Reds!

Space prohibits presenting further examples of the professor's inside tips and brilliant logic, but one choice bit of economic research should not be omitted. It has nothing to do with the Reds. It deals with union workers. Wrote the distinguished professor and economist:

"Today, when the general price level is only moderately above that figure [1926 price levels] while basic wage raises have nearly doubled since then, the labor leader still argues that the cost of living is overtaking wage rates! Can labor leaders ever be satisfied?"

I think this paragraph gives the reader a pretty good idea of the quality of the professor's economic research.

The drive against the trade unions in Germany was a vital aspect of Hitler's drive for a fascist dictatorship. That drive against the unions was given impetus by the urgent problem of Germany's millions of unemployed. In this country, many of our own industrialists are now fearful of a serious unemployment problem as a consequence of the fast-dwindling purchasing power of the people in the face of high prices.

The reappearance on the American scene of millions of men and women walking the streets hunting jobs would present a grave problem for the Government. In the professor's opinion:

"Whether a free society can shoulder upon government responsibility for sustained full employment and yet remain a free society certainly remains to be demonstrated."



How, then, can a large unemployment problem be solved? The spokesman for the Chamber of Commerce pointed out as far back as 1945:

“A dictatorship—fascist, socialist or Communist—controlling prices, wages and workers, can secure and maintain full employment so long as its power endures.”

This, then, seems to be the pay-off. A sick economy will die unless the trend is changed. It is certain that the Chamber does not want a Socialist or Communist “totalitarianism” to handle a large unemployment problem. The only other way in which it can be handled, according to the Director of Economic Research for the Chamber, is by a fascist dictatorship.

This was the approach made by Hitler. He solved Germany’s unemployment problem by putting the people to work. There is no question about that. He put them to work manufacturing arms and munitions for war and, when they had manufactured enough, he led millions of them to their graves.

This, then, seems to be the ultimate objective of those powerful American industrialists directing the Chamber of Commerce and the National Association of Manufacturers. It casts light on why a nationwide hysteria about a “Red menace” is created simultaneously by seemingly independent bodies; or why an organization which keeps its financial backers secret takes part in a political campaign to elect an anti-union Congress; or why “patriotic” individuals, who conceal their identities and who is financing them, issue anti-union propaganda under the guise of a Red hunt. It casts light on a Congressional Committee, which has made a mockery of some of our funda-

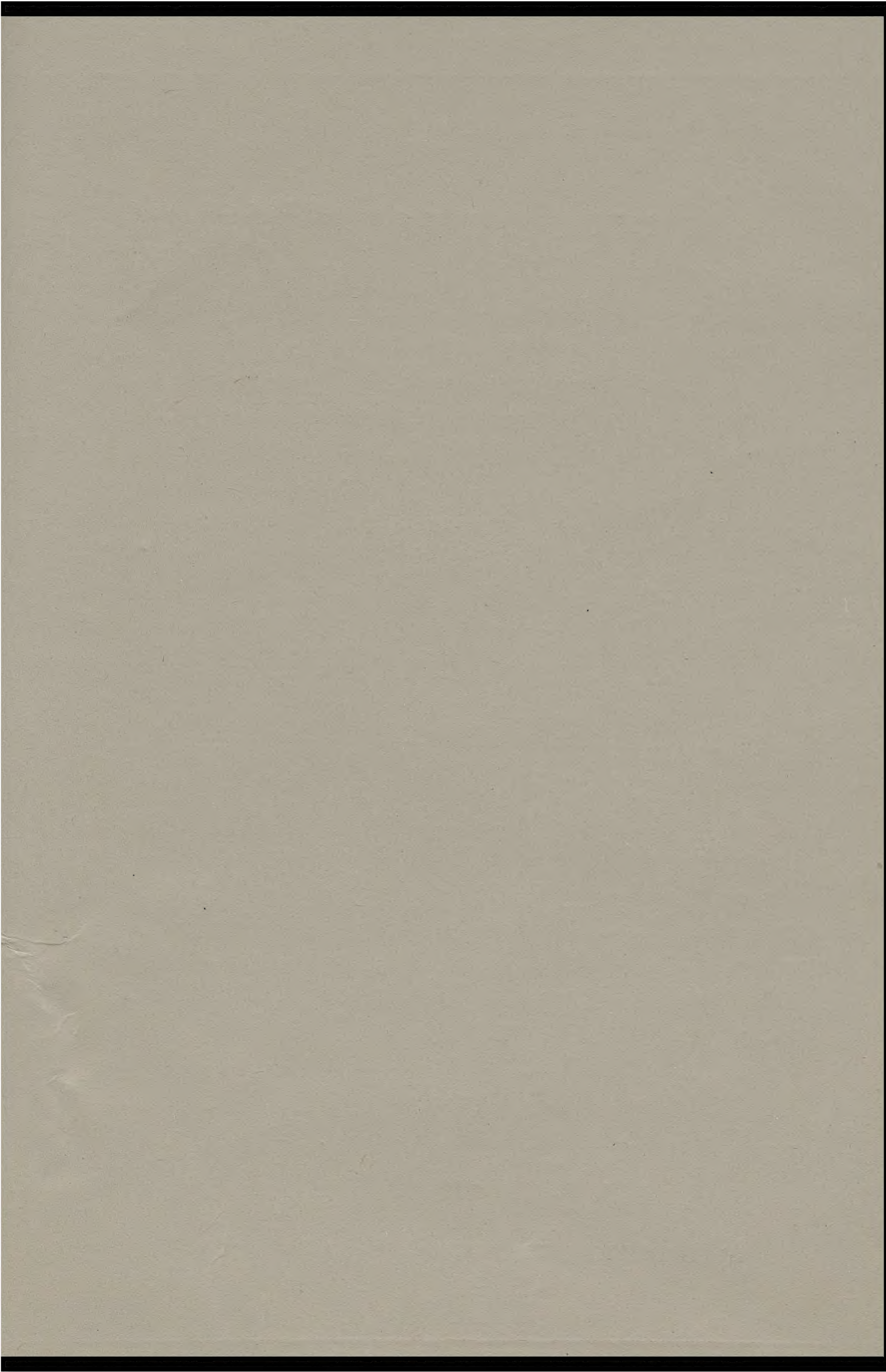


mental rights under the law, issuing melodramatic spy thrillers to excite the country about Reds at just the "right" moment when such propaganda helps mysteriously financed anti-union campaigns.

If the German people had acted in time, while Hitler was solidifying his forces, they would have been saved the agony through which they passed and are passing now. Millions of Germans of all classes would have been saved from untimely graves in their own and in foreign lands. The rest of the world would have been spared the frightful Nazi blood-letting, the wrenching of lives, the torn homes and families; and for several hundred thousand of our own American boys there would not now be little white crosses as mute evidence that they are lost to us forever. The American people are slow to anger, but when their anger is justly aroused, they are a mighty and overwhelming force.

The first move in the steps Hitler took to establish fascism in Germany—weakening and control of the trade unions, which the industrialists themselves could not control directly—has already been taken in this country following the success of the mysteriously financed "save-the-country-from-the-Reds" campaign used to elect an anti-union Congress and clamp the Taft-Hartley labor bill on the trade unions. The second, the third, the fourth and the fifth will be taken if the people are not awakened to the sinister forces which, concealing their identities, are carrying forward this campaign. Failure to awaken in time will enable these forces to lead our country on the road to fascism, will enable a few industrialists to enslave the American people, as Hitler enslaved the German people and then led them on the road to war, death, and destruction.







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